2006. Further to protect the interest of depositors, Escorts Finance Ltd. has been prohibited, with effect from July 26, 2006, from (i) acceptance of deposits and (ii) alienation of assets, *i.e.* selling, transferring, creating charge or mortgaging or dealing in any manner with the assets under provisions of RBI Act, 1934.

Non-Banking Finance Companies (NBFCs) are governed by the provisions of RBI Act, 1934 and various directions issued thereunder.

RBI is empowered to take action against NBFCs which have not complied with the provisions of RBI Act and the directions thereunder or have shown weaknesses in the financial position. Such action includes prohibiting the companies from carrying on non-banking financial activity, acceptance of deposits and alienation of assets. Wherever the default is persistent in nature, RBI initiates winding up proceedings and also files criminal complaint against the directors of the NBFC.

Tax exemption to National Sports Development Fund

2297. SHRIMATI N.P. DURGA: Will the Minister of FINANCE be pleased to state:

(a) whether contributions made under the National Sports Development Fund entail 100 per cent tax exemption under Section 80(G) of the Income Tax Act;

(b) if so, whether it is a fact that the State Government of Andhra Pradesh has requested for tax exemption to its proposed Andhra Pradesh State Sports Development Fund under 80(G); and

(c) if so, what are the reasons for not extending the benefit to APSSDF as has been done in the case of NSDF?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir. Under the provisions of Section 80G(2)(iiig) of the Income Tax Act, 1961, the donations made to the National Sports Fund are eligible for 100 per cent deduction.

(b) Yes, Sir.

(c) The Andhra Pradesh State Sports Development Fund has not been extended the benefit of 100% deduction to contributions made to it because such a facility has been extended only to funds of national importance.